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## Placing neoliberalism: The rise and fall of Ireland's Celtic Tiger

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## Placing Neoliberalism: The rise and fall of Ireland's Celtic Tiger

### Abstract

In this paper we provide an account of the property-led boom and bust which has brought Ireland to the point of bankruptcy. Our account details the pivotal role which neoliberal policy played in guiding the course of the country's recent history, but also heightens awareness of the how the Irish case might in turn instruct and illuminate mappings and explanations of neoliberalism's concrete histories and geographies. To this end, the paper begins by scrutinising the terms and conditions under which the Irish state might usefully be regarded as neoliberal. Attention is then given to uncovering the causes of the Irish property bubble, the housing oversupply it created, and the proposed solution to this oversupply. In the conclusion we draw attention to the contributions which our case study might make to the wider literature of critical human geographies of neoliberalism, forwarding three concepts which emerge from the Irish story which may have wider resonance, and might constitute a useful fleshing out of theoretical framings of concrete and particular neoliberalisms: *path amplification*, *neoliberalism's topologies and topographies* and *accumulation by repossession*.

**Key words:** Ireland, financial crisis, Celtic Tiger, housing, National Assets Management Agency, ghost estates, neoliberalism, path amplification, accumulation by repossession, neoliberal topographies

### Introduction

The Irish economic model which prevailed between 1993 and 2007 was widely heralded as a beacon of what the deep liberalisation of a small open economy might deliver. Indeed, the so-called 'Celtic Tiger' years saw a dramatic transformation in the social and economic life of a country that had, until the start of the 1990s, been a relatively poor and peripheral state, perched on the edge of Europe with a weak indigenous economy and a foreign direct investment sector characterised by low-skilled, branch plant manufacturing. In the 1990s, Ireland embraced deregulation, entrepreneurial freedoms and free-market principles and aggressively courted high valued added export oriented foreign direct investment (see O'Riain, 2004). The result was a rapid shift to high-skilled manufacturing, a phenomenal growth in the service sector, the development of a domestic consumer society, a rapid growth in population through natural increase and immigration, and a housing and property boom

(see Allen 2007; O'Hearn 1998; O'Riain 2004; Bartley and Kitchin 2007; Jacobson *et al.* 2006; Moore and Scott 2005). Politicians, policy makers, economists, academics, practitioners, think tank gurus and journalists from around the world flocked to Ireland to be inducted in the art of best practice in fast track growth and former Irish leaders have gone on global lecture tours espousing the so-called benefits of the 'Irish model' of neoliberal economic reform for countries wishing to fast-track modernisation.

But since 2008, as a number of worldly dramas have unfolded, so too has the Celtic Tiger model unravelled. The domino effect of the global financial crisis unearthed the fragility, over-extension, and tenuous alignments of the international financial markets. Since then, the world has been plunged into recession, banks have collapsed, others have been the recipients of generous tax-funded bailouts, and national and supra-national governments have scrambled to resurrect their economies from the detritus of the recession. The effects of the international financial crisis, while practically ubiquitous, have been felt more strongly and deeply in Ireland than in many developed countries. As a small open economy, Ireland was always going to be exposed to fluctuations in the international markets (O'Hearn, 1998; Jacobson et al, 2006), but the extent of this exposure was significantly exacerbated by the home-grown inflation of a property bubble (O'Toole 2009). Indeed, the Celtic Tiger era of economic expansion was split into two periods: the first period (1993- 2002) characterised by export-led growth dominated by FDI and the second period (2002-2007) involving a property boom largely involving Irish developers capitalised by Irish banks, who in turn were borrowing from European banks.

As the global crisis deepened, the Irish property bubble burst and the vast over-exposure of Irish banks to toxic property loans became apparent. The collapse of the property and banking sectors led to a contraction in the wider economy, with the drying up of credit, markets and tax receipts, leading to a huge hole in the public purse; an extensive bank bailout, including the establishment of the National Assets Management Agency (NAMA) that has acquired €88b of property debt and rolled up interest from Irish banks; bank recapitalisation (Bank of Ireland) and nationalisation (Allied Irish Bank, Irish Nationwide Building Society, Anglo Irish Bank); massive state borrowing to service the bank bailout and the public sector spend; rising unemployment; and plummeting house prices. Given the perilous economic state, this ultimately led to the €85bn IMF-EU bailout in November 2010, and the collapse of the Fianna Fail led government in February 2011.

The response of the Irish government (like other national governments) thus far has amounted to ‘more of the same’; to patch up, rather than transform, the political economic system. As such, there is seemingly little appetite for any radical departure from orthodoxies and dogmas which have demonstrably failed. Perhaps unsurprisingly, given the international pressure, Ireland’s response to its crises represents little more than an anxious toeing-the-line in economic policy, cow-towing to the demands of the IMF, and nostalgically dreaming of those halcyon days of perpetual growth. Indeed, Ireland is being touted as an exemplar of the benefits of austerity and is being held up as a model for Greece, Portugal, Italy, and Spain to follow.

In many ways, the story of the rise and rise of neoliberalism in Ireland, the rise and fall of the Irish economy, and the Irish property boom and bust, provides an insight into the travails of proto-neoliberalism in the secular world. And yet to date there has been insufficient and inadequate dialogue between scholarship on neoliberal ideology and practice and the fate of Ireland’s Celtic Tiger. The relative paucity of such dialogue can be attributed to two sets of confusions: the appropriateness of the concept of neoliberalism and the failure to apprehend the Irish state as a neoliberal state. Firstly, the extent to which the term ‘neoliberalism’ may be said to map on to any meaningful empirical referent has become the subject of considerable debate (Larner 2000). Indeed, within some intellectual communities, we note the palpable mood of hostility which has arisen against those who might use and abuse the notion (Hackworth 2007). Whilst many commentators within Ireland, both populist and academic, speak loosely and often carelessly about an Irish neoliberalism, there remains within more studied commentary a wariness in overstretching the concept and a nagging doubt about its utility. Secondly, in some respects Ireland postures as a somewhat ambivalent case-study of neoliberalization; ideologies of neoliberalism have come to assume a ‘commonsense’ status within the country’s political class to the extent that the term has rarely been explicitly articulated in national political debates. When it has been deployed by the Irish state itself, the label neoliberalism has rather confusingly been bound up with the notion that the Irish economic model represents a hybrid formulation – to use the analogy popularised by former Tanaiste Mary Harney in 2000, somewhere between Boston (American neoliberalism) and Berlin (European welfarism).

Undoubtedly, the limited application of scholarship on neoliberalism to Irish economic history has hampered, and been to the detriment of, academic comprehension of Ireland's spectacular rise and fall, and in particular to scholarly appreciation of the roots of Ireland's property boom and subsequent property crash. Reciprocally, it has also impoverished the ongoing agenda of figuring out appropriate ways in which to theorise neoliberalism's various past, present, and emerging actually existing forms. In this paper, we propose that Ireland is indeed uniquely placed to both instruct and be instructed by theoretical literature on neoliberalism and its discontents. We offer the ideas of *path amplification*, *neoliberalism's topologies and topographies* and *accumulation by repossession* as central to the structuration of neoliberalism in Ireland and potentially useful additions to ongoing efforts to theorise neoliberalism's wider biography.

### **An Irish Neoliberalization?**

At the heart of the concept of 'actually existing neoliberalism' is the notion that proto-neoliberalism is an economic experiment which has become woven into localities in different ways as a consequence of their unique social, cultural, economic, political and institutional histories. Brenner and Theodore (2002: page 351) note the 'path dependent' nature of neoliberal restructuring projects 'insofar as they have been produced within national, regional, and local contexts defined by the legacies of inherited institutional frameworks, policy regimes, regulatory practices and political struggles'. In these divergent contexts, they have identified key moments of what they call "creative destruction", involving the dismantling of particular institutional forms and the construction of new (de)regulatory apparatus. Other strands of work have argued for understanding neoliberalism in terms of governmentalities (Larner, 2000), and as a 'mobile technology' (Ong, 2006). England and Ward (2007, page 8) suggest that there are important similarities, 'discursively and materially in the "restructuring" of markets for currency, energy, public services, transportation and so on', which highlight the shared characteristics of state neoliberalization, but that the contingency of the 'project' on place-specific market and regulatory structures means that it cannot be theorised as a coherent set of global processes.

The propagation of the ideology of neoliberalism of course betrays a long and colourful history. For instance, and representing only one example, before crashing onto the shores of both the United Kingdom and the United States in the 1980s in the guise of Thatcherism and Reaganism, neoliberalism was long experimented with and refined and rejigged in the

context of IMF imposed Structural Adjustment Programmes on bankrupt nations in the developing world. There is certainly a tradition of scholarship that has preserved an interest in these multiple past and present laboratories. But it might also be argued that that recent work within Anglo-American Geography has tended to prioritise a limited number of case study sites, both spatially and temporally. Firstly, Brenner and Theodore's (2002) assertion that the urban scale now constitutes the most appropriate entry point for empirical explorations of the grounding of neoliberalism in concrete histories and geographies has generated a disproportionate drift in interest towards the (western) city. Secondly, to date, the principal antecedent context has been the Fordist Keynesian welfare state. Neoliberalism has generated a period of creative destruction and has junked, metamorphosed and recalibrated prior Fordist Keynesian institutions. And much recent work has sought to develop the New Urban Politics literature to map a purported epochal transition in urban governance from urban managerialism to urban entrepreneurialism (Harvey 1989, Cox 1993, Cox and Mair 1989, and Hall and Hubbard 1996).

Arguably, the development of the concept of actually existing neoliberalism has been colorated, but also limited, by the selective field sites which Anglo-American Geographers have chosen to work on. The Irish case endorses the need for a consideration of a wider range of scales of analyses and spaces and places and an appreciation of prior histories in the *longue duree* and a deeper reach into the past. Our proposition is that Ireland's interlacing with neoliberal ideology has been mediated largely by institutions operating at the level of the nation state and within a particular political culture and system inflected by the long history of Anglo-Irish relations and the country's emergence as an independent postcolonial state. In this sense, the Irish case can be read as an exemplar of a much wider and richer historical geography of encounter between neoliberal ideology and the postcolonial legacy. We propose that Ireland's neoliberal model has been shaped by at least four important historical factors.

First, British colonisation of Ireland, and annexation through plantation, has created a long history of conflict in Ireland over ownership and proprietorial control over land and property. Historically, various strands of Irish cultural and political nationalism and Irish Republicanism fore-grounded land and property ownership and land reform as central to their mission. Irish cultural and political life is thus marked by a fierce and combative defence of

the rights of the citizenry to exercise almost complete freedom and autonomy over land and property.

Second, living under the yoke of British political control, the Irish political model developed in ways which privileged local social relations and in particular a clientalistic and patronage species of politics. The craft of votes for favour and graft were honed in the rural Irish village and through time became sedimented and naturalised. The result is that Irish politics is marked by a triumph of local politics over party and national politics (see Collins and Cradden, 1997). This was combined with a highly centralised bureaucracy inherited from the former British colonial administration (Breathnach, 2010, page 1186). Moreover, local politicians wield power in ways which have actively subordinated the Irish planning system. As a result, Irish planning has never achieved the same status as it has in much of Europe and has always been weakened and compromised by localism, cronyism and corrupt political practices.

Third, although Irish nationalism was infused with strains of Marxist and Socialist politics arguably Ireland's revolution was one of the most conservative in modern history. Since Independence, Irish political life has been dominated by the oscillating fortunes of two hegemonic, right of centre and conservative nationalist parties: Fianna Fail and Fine Gael. These parties were formed out of the Irish Civil War and reflect not left and right divisions in ideology but pro- and anti-treaty sentiments at the time of independence. Irish political cleavages then for the most part do not pivot around ideological differences.

Fourth, in the years immediately following Irish independence, Ireland's principal economic policy was one of import substitution. External capital was to be heavily regulated, limited, and policed, and domestic industries were to be nurtured and protected. By the late 1950s it was becoming evident that this model had and was impoverishing Ireland. From the 1960s on Ireland embraced a model of a liberal and open economy and aggressively sought to court export oriented manufacturing, piloting and adopting policies which would later be labelled neoliberal.

These four factors shaping the Irish political landscape have produced a certain species of neoliberalism in Ireland which is perhaps best characterised as ideologically concealed, piecemeal, serendipitous, pragmatic and commonsensical. Indeed, successive Irish

governments have never had an explicit neoliberal ideology (apart from a small number of influential Ministers) (Kirby 2010). Ideology thus remains largely hidden in the apparatus of Irish politics. Its presence is barely articulated and often invisible. And yet Ireland was characterised over the Celtic Tiger period by a range of practices that bear important similarities discursively and materially with key processes of neoliberalization (Peck and Tickell 2002). As opposed to an ideologically informed project, such as those implemented by Thatcher in the UK and Reagan in the USA during the 1980s (see Harvey 2007), Irish neoliberalism was produced through a set of short-term (intermittently reformed) deals brokered by the state with various companies, individuals and representative bodies, which cumulatively restructured Ireland in unsustainable and geographically “uneven” ways.

Breathnach (2010) argues that the tension between the overwhelming concentration of employment and population in the East of the country and the political, clientelistic motivation towards “balanced regional development” has resulted in an inability on the part of the state to make spatially selective decisions in order to strategically plan for economic growth. During the Fordist period, in which Ireland operated as a branch-plant manufacturing centre, this resulted in an extreme form of industrial decentralisation – manifested during the 1970s by the state’s construction of ‘advance’ factories in 156 locations – but was significantly exacerbated from the 1980s onwards, once services became the main source of employment growth. Although intended as a way of addressing this imbalance, the National Spatial Strategy published in 2002 was effectively disabled by these same political features. Moreover, when export-led growth slowed down, the entrenched system of local clientalism was not superseded by indigenous entrepreneurship that capitalised on Ireland’s new industrial composition, but rather new wealth was invested in property. The Irish state’s moves towards neoliberalisation, then, could be seen to operate at two scales: the international level whereby the state attempted to create a vibrant and open economy that would attract FDI due to the ease of conducting business and generating profit, and the national/local level whereby the state pandered to their political allies by cultivating the conditions for a property boom, which was equally characterised by a lack of spatial selectivity. As the property sector began to take precedence over FDI as the major generator of state revenue, and due to reliance on indirect taxes from this sector, this created an economic model that could only perform adequately in a situation of perpetual growth. This need for perpetual growth was ingrained both structurally in the state’s taxation system, and discursively in the Celtic Tiger myth itself.



The Irish neoliberal model ostensibly takes elements of American neoliberalism (minimal state, privatisation of public services, public-private partnerships, developer/speculator led planning, low corporate and individual taxation, light to no regulation, clientelism) and blends them with aspects of European social welfarism (developmental state, social partnership, welfare safety net, high indirect tax, EU directives and obligations) (Kitchin and Bartley 2007). Rather than being the result of some well conceived economic master plan, however, the Celtic Tiger was the outcome of a complex set of unfolding, interconnected, often serendipitous processes, held together by a strategy of seeking to attract and service foreign direct investment. Thus, Ireland exhibits a peculiar brand of ‘emergent’ neoliberalization (McGuirk, 2005). The model is perhaps better described as a series of disparate policies, deals, and actions that were rationalised after-the-fact, rather than constituting a coherent plan per-se. As such, the claim that the Irish model sits politically somewhere between ‘Boston and Berlin’ is not so much an indication of a country pioneering a new model of neoliberalism, as it is suggestive of the ways in which new policies and programmes were folded into the entrenched apparatus of a short-termist political culture shadowed by low-level clientelism, cronyism and localism that works to the detriment of long-term, state-wide planning (O’Toole 2009).

Much of the policy transformations of the Celtic Tiger era movements were then, to an extent, the outcome of a certain political pragmatism – doing what was necessary at the time to satisfy the needs of various sectors of the voting public – rather than being characterised by clearly delineated periods of ‘roll back’ and ‘roll out’ neoliberalism (Peck and Tickell, 1994). The rolling out of neoliberal mechanisms such as privatisation and Public Private Partnerships were rarely handled in any sort of ideologically informed or systematic manner, and the state often failed to achieve the appropriate balance between private sector risk and public sector reward in these projects (Hurst and Reeves, 2004; Kirby and Jacobson, 2006; Reeves, 2003; Palcic and Reeves, 2005). Despite the relatively small receipts yielded to the taxpayer by privatisation, the state has continued to roll out privatisation into diverse service areas such as school buses, refuse collection, motor vehicle testing, and urban car parking and clamping, and initiate public private partnerships with respect to public buildings, social housing, and road infrastructure (Barrett, 2004). However, while the state rolled out neoliberal policy mechanisms in fragmented and piecemeal ways into different sectors, this was not accompanied by an equivalent rolling back of social welfarism – unemployment and child support and other benefits remained relatively high – although it should be noted that a)

the overall quality of services in many areas of the public sector (such as Health, Education, and Public Transport) failed to reflect the magnitude of the dramatic transformations of the nation's wealth during this same period (OECD, 2008)., b) social disadvantage was not adequately addressed during this period (NESC, 2005) and c) the response to the current crisis has seen savage cuts in these same sectors. Moreover rather than pitting the state against the trade unions, the period of Irish neoliberalization was characterised by "... the dense networks of institutions of 'social partnership' extending across all spheres of the political economy and integrating local actors, state agencies, and European Union Programmes ... [that became] an institutional mechanism of public governance through almost all spheres of public life" (O'Riain, 2004, pages 9-10). These agreements traded work and pay related concessions for union docility, and were used by the state as a means of manufacturing labour stability. Additionally, "[u]nlike most other countries in Europe, Ireland has consistently rejected the model of decentralised decision making even in policy areas, which many observers might suggest are most sensibly located and managed by the local or regional sub-national levels of government. Ireland's system of local governance is traditionally poorly organised, in receipt of very limited funding, and responsible for a very limited range of policy" (Stafford and Payne, 2004: p. 3). As a result, Kirby and Jacobson (2006, pages 28-40) argue that the neoliberalization of Ireland has been flimsy and unsustainable and that the Irish state failed to recognise that "market liberalisation requires a more robust and socially responsible state" to achieve equality and stability. Similarly the Irish state has failed to adequately embed FDI industries over the boom period through investing in and growing indigenous companies. Indeed, Ireland's dependence on foreign investment is starkly identifiable by the degree to which GDP exceeds GNP (O' Hearn, 1998).

What we need to take away from this discussion is that these particularities of the Irish state's flirtations with neoliberalism are not anecdotal or addendum to the technologies more 'representative' of neoliberalisation globally. Rather, these particularities have been central to how actually existing neoliberalism has emerged in the Irish context. As such, we find the concept of creative destruction, which sits at the heart of ideas such as path dependency and path trajectory problematic and offer instead the concept of path amplification. The relentless focus on the paradigmatic case of neoliberalism's assault on and dismantling of Fordist Keynesian, and cultural, political, and historical infrastructures at the level of the city, has arguably effaced the recognition that in some cases neoliberalism actually finds itself in

harmony with, rather than in opposition to, prior institutional histories. Path amplification points to the importance of forms of path trajectory in which history serves to amplify rather than slow down neoliberalism's ambitions. Although often seen as a burden, weight, and source of friction, in fact in some cases pasts can serve as catalysts, lubricants, and wellsprings for neoliberal reforms. In light of these arguments, the following section looks more closely at the Irish property boom as indicative of the actually existing ways in which these processes converge.

### **Actually Existing Neoliberalism in Action: The Irish Property Boom and Bust**

In the ten years between January 1996 and December 2005 an unparalleled 553,267 housing units were built in Ireland, with a total stock of 1.733m units in 2005 (DEHLG 2009). By 2007, Ireland, along with Spain, was producing more than twice as many units per head of population than elsewhere in Europe (see Figure 1). This building frenzy was accompanied by phenomenal growth in house prices. The average new house price rose from €78,715 in Dublin, and €66,914 for the country as a whole in 1991, to €416,225 in Dublin (a 429% increase) and €322,634 for the country as a whole (382% increase) in 2007 (DEHLG 2009). Not unsurprisingly, second-hand homes follow the same trend, costing on average €76,075 in Dublin in 1991, and €64,122 for the country as a whole, rising to €495,576 in Dublin (551% increase) and €377,850 (489% increase) across the country in 2007. In the same period, house building costs and wages only doubled (Brawn 2009). In Q3 1995 the average secondhand house price was 4.1 times the average industrial wage of €18,152, by Q2 2007 secondhand house prices had risen to 11.9 times the average industrial wage of €32,616.

Figure 1: [about here](#)

Similarly, the cost of land spiralled, dramatically increasing in price in 2005 and 2006, with land jumping in value from just under €10,000 per hectare in 1998 to over €58,400 per hectare in 2006 (Savills HOK 2007). This made Irish land the most expensive in Europe, nearly twice the cost per hectare of any other European country and three times greater for all but four countries (Spain, N. Ireland, Luxembourg, Netherlands), despite having a largely unrestricted planning system. Land price inflation was driven by developers competing for urban brownfield sites, agricultural land being sold for housing development, and individuals buying sites for one off houses (S. Kelly, 2009). The result was that land became a

significant component of housing cost, up to 50 percent as against a European average of 10-15% (O'Toole 2009).

Correspondingly, the total value of mortgage debt increased from €47.2 billion in 2002 to over €139.8 billion at the end of 2007, with the average size of a new mortgage €266,000, nearly double the 2002 figure (CSO 2008). Moreover, loans to developers for land and developments sky-rocketed. As Honohan (2010: 26) notes, "At the end-2003, net indebtedness of Irish banks to the rest of the world was just 10 per cent of GDP; by early 2008 borrowing, mainly for property, had jumped to over 60 per cent of GDP. Moreover, the share of bank assets in property-related lending grew from less than 40 per cent before 2002 to over 60 per cent by 2006." By 2008 Ireland's property bubble was already starting to slowly deflate, but the global financial crisis provided a redoubtable pin.

The Daft.ie house price report for Q4 2010 (Daft 2011) detailed that asking prices, based on stock advertised through its services, were down on average c.-14% in 2009, on top of decreases of -19% in 2009 and almost -15% in 2008. The average asking price for a residential property was just over €222,000, €145,000 below the mid-2007 peak. The drop in asking price from peak prices varies geographically, with the smallest drop in County Limerick (-29%) and largest drop in Dublin city centre, where prices were down -49.6% at the end of 2010. The Permanent TSB/ESRI Index reported in January 2011 that the average national prices, based on mortgage data, had fallen to Q2 2002 levels, with a 38% decrease in prices since they peaked in Quarter 4 2006, falling from €311,078 to €204,830 (outside of Dublin from €267,484 to €174,570 (-34.75%); in Dublin from €427,946 to €237,480 (-4.53%)). Many economic commentators predict that house prices will fall in excess of 60% from peak values (e.g., M. Kelly 2007; Whelan 2010a). Similarly, rents fell for seven quarters in a row to Q1 2010, with private rents being almost 25% below their peak value in Q2 2008 (DKM 2010). House prices have depreciated to the extent that over 250,000 households are in negative equity (c. one third of all mortgages) and, as of the end of Q4 2010, the Central Bank reports that 44,508 mortgages were in arrears for 90 days or more and another 35,205 had been restructured (together totalling 10.13% of residential mortgages) (Finfacts 2011). Further, there has been a steep decline in land values since the height of the boom, reduced 75-98 percent depending on location.

DKM (2010) reports that from 2006 to 2010(est.) the total value of construction output fell from €38,631m to €11,733 (a drop of 69.6%). Further, the number of construction workers fell from their Q2 2007 peak of 269,600 to 105,700 in Q2 2011 (CSO 2010). Property related tax receipts (stamp duty, capital gains tax, VAT, development levies) have also dropped dramatically given the much smaller percentage of sales and the reduction in new commencements.

It is now abundantly clear that during the Celtic Tiger period, property supply and demand became disconnected so that when the bubble burst the state has been left with a staggering level of oversupply. The particular ways in which the property sector emerged over the Celtic Tiger period offers an insight into both how the *geographies of neoliberalism* were spatialised within the Irish context and how this in turn has produced and deposited new *neoliberal geographies*. While the literature has predominantly focused on the former category (the spread of neoliberalisation between places), we suggest that the landscapes and geographies that this subsequently secretes have been equally important in conditioning the course of neoliberal trajectories. These *topographies and topologies of neoliberalism*, therefore, warrant attention not only as effects of neoliberalisation but as also productive elements in the continuing evolution of neoliberal geographies. The way in which neoliberalism was contaminated and enfolded within the entrenched conditions of Ireland's political and economic culture was instrumental in the articulation of specific relationships between the state, market, and civil society and in the deposition of particular geographies. These relationships, as manifested through the property bubble, produced a cannibalising form of capitalism (not unlike the practices that took down the international financial markets) that evolved through a solipsistic financialised logic: house prices rose while (counter intuitively to market logic) houses were built to excess. Ireland was in the middle of a building and land speculation frenzy when the crisis initiated, and which although it deflated relatively fast led to 244,590 units being built between January 2006 and December 2009 (that were connected to the ESB electricity grid). This is despite the fact that in April 2006, the Census revealed that 266,322 housing units were unoccupied (216,533 vacant units and 49,789 holiday homes; 15% of stock). The preliminary results of the 2011 Census report a total housing stock of 2,004,175 of which 294,202 units were vacant (including holiday homes), with many areas of the country having vacancy levels above 25% (see Figure 2)

Figure 2 here: 2011 housing vacancy in Ireland

One highly visible result of housing supply being out of sync with housing demand has been the creation of a new phenomenon, so-called ‘ghost estates’. Our research detailed that there were 620 such estates in Ireland at the end of 2009, where a ‘ghost estate’ was defined as a development of ten or more houses where 50% of the properties are either vacant or under-construction (Kitchin et al., 2010), while a Department of the Environment and Local Government survey in May 2010 revealed that there are 2,846 unfinished estates in the country, 777 of which meet the criteria of a ‘ghost estate’, and only 429 of which were active at the time of the survey. The total number of units in these estates is 121,248, with planning permission for an additional 58,025: 78,195 units are occupied. Of the 43,080 units that are unoccupied, 23,226 are complete, 9,976 nearly complete and 9,854 where construction has started. There are multiples of unfinished estates in every county in the state (see Figure 3).

Figure 3: about here

In addition to housing and land there is also an oversupply in offices, retail and hotels. In Dublin, 23% of office space (some 782,500 sqm) is vacant (Savills HOK 2010). By the end of 2010 there was estimated to be over 2m sqm of shopping centre space and 1.32m sqm of retail park space in the state, double that of 2005 (CBRE 2010). At the end of 2008, there were 905 hotels with 58,467 rooms, 15,000 of which are deemed excess to supply (26%) (Bacon 2009).

Much of the literature has highlighted that neoliberalisation entails not so much a retraction of the state as opposed to the deployment of different types of state interventions. Similarly, the Irish property bubble was not only the result of deregulated markets, but was facilitated by a range of contributory factors. There is no question that Ireland did need from the early 1990s onwards to cater for a significant transformation in its demographic profile. Between 1991 and 2006 the population of Ireland grew by 714,129 (20.25%) from 3.525m to 4.239m, with the number of households growing by 440,437, up from 1.029m to 1.473m (CSO 2006). The growth in population was driven by both immigration and natural increase. Household growth was also driven by household fragmentation. One would have thought that such changes in demand would have been sufficient to drive market response, but they were accompanied by a range of other policies and practices.

Tax incentive schemes initiated under the 1986 Urban Renewal Act allowed developers to claim back tax on income over a ten year period, and were integral to kick-starting regeneration. Initially, the Department of Finance introduced tax incentives in order to promote growth and stability, particularly in inner city areas. Urban renewal schemes were introduced 'in an effort to alleviate the increasing problem of dereliction and dilapidation which had affected large parts on the inner areas of towns and cities nation-wide' (Department of Finance, 1999). A number of urban renewal schemes ran from 1986 to 2008 (termination date depending on the scheme and a number were extended), including a Town Renewal Scheme (100 towns throughout the state covered), Living Over the Shop (LOTS) and a Seaside Resort Scheme (15 towns covered) which enabled access to Section 23 tax relief on capital expenditure incurred in the construction, refurbishment or conversion of rented residential accommodation. Section 23 encouraged development for rental purposes (including holiday homes) by allowing developers and small investors to offset tax up to 90% of direct costs occurred against income for up to ten years. These schemes also marked the beginning of a new entrepreneurial approach to urban development in Ireland, which was specifically manifested in an effort to make Dublin fit for purpose for the new forms of economy that were becoming spatially fixed in cities in the post-industrial era.

Many critics noted the neoliberal character of these urban strategies, and despite being widely criticised in terms of their redistributive effects on local areas (Corcoran, 2002), they were successful in terms of bringing new wealth to the capital and, over time, attempts were made to replicate the model in other Irish cities (O'Callaghan and Linehan, 2007). The stimuli for development were supplemented with state funded redevelopment projects such as the International Financial Services Sector (IFSC) in Dublin docklands, the Digital Hub, and the regeneration of Temple Bar as a cultural quarter that were significant in attracting inward investment in advanced producer services and digital industries (MacLaran and McGuirk, 2001; Montgomery, 1995; Moore, 2008). These tax initiative and redevelopment schemes were essentially deals struck between the Department of Finance and the private sector, with little role afforded to local authorities.

The urban tax relief schemes were accompanied from June 1998 by the Pilot Rural Renewal Scheme for the Upper Shannon Region (introduced under the Finance Act, 1998). The scheme was designed to encourage people to live and construct new dwellings in designated areas and to promote new economic activity and consisted of two main elements were: (1)

business tax incentives: tax relief for the expenditure incurred on the construction or refurbishment of industrial buildings (from July 1st, 1999); and (2) residential property tax incentives: tax relief for both owner occupiers and renters (Department of Finance, 1999). The result was the massive incentivisation of building long after such incentives were needed. In the case of the five counties in the Upper Shannon Scheme – Longford, Leitrim, Cavan, Sligo and Roscommon – housing stock was increased by 45,053 (49.8%) between 2002 and 2009, from 90,491 to 135,544 dwellings, with 1 in 3 houses built in this period (see Figure 4). Between the 1996 and 2006 censuses 30,695 houses were built in these counties and yet household numbers only grew by 18,896 – in other words, house building was progressing at a pace well in excess of household growth.

Figure 4: about here

Somewhat running against notions of balanced and sustainable development advocated in national spatial planning policy, the boom in construction encouraged local authorities to be pro-growth because it enabled the accrual of development levies (in the absence of more sustainable local residential property taxes), with local councillors pursuing zero-sum games with regards to their constituency where if one area got a certain kind of facility or development, then their area needed the same (hence several regional shopping centres in each region instead of one). Chambers Ireland (2006) reported that development levies had risen from €0.11bn to €0.55bn between 2000 and 2005, representing 13.6% of local government expenditure. This is indicative of how new neoliberal interventions in the property sector were interwoven with the localised nature of Irish politics to produce particular spatial articulations of capital.

This was replicated at the national level through the government's pro-cyclical fiscal policy and taxation system, which worked to both boost the construction industry and to make it critical to sustaining public spending, rather than acting as a counterweight to ensure sustainable growth. Stamp duty, capital gains taxes and VAT were significant contributors to the public purse, despite capital gains tax being halved to 20% in 1997, justified by normative neoliberal faith in the market that the sale and purchase of assets becoming less costly would free capital to be invested within the wider economy. Significantly, development land was also included under capital gains tax, in an attempt to ensure that a greater amount of land was released for enterprise purposes. Davy Research (2006) reported



that the property market accounted for 17% of total tax revenue in 2006, up from 5% in 1998. Revenues from stamp duty on property transactions were c. €2.98b in 2006, up from 387m in 1998, and there were c. €3.2b in VAT receipts (CSO 2008, Davy Research 2006). Stamp duty rates were lowered several times between 2001 and 2007, and the ceiling on income tax deductibility of mortgage interest for owner occupiers was increased four times between 2000 and 2008 in order to further stimulate the housing market (Honohan 2010). In addition, a significant number of people were employed in the construction and related sectors and construction was accounting for a significant chunk of growth in GDP (in 2006 construction accounted for 9% of GDP and 10.4% of GNP; DKM 2008, cited in CSO 2008).

In turn, the planning system became beholden to development, being pro-growth in orientation with a presumption for development operating, and was consistently undermined with localism, clientelism, cronyism and low-level corruption. At the local scale, individuals and developers lobbied and sought to curry favour or do deals with county councillors and constituency TDs for zoning and permissions in return for support, votes and remuneration of various kinds (favours, kick-backs, fees for ‘planning consultancy’, etc). The Irish planning system lends itself to such a relationship as a result of its division of legislative and executive functions between councillors and planners. The formulation and adoption of development plans and zoning decisions fall under the remit of elected local councillors, whilst the planning authority adjudicates over planning applications (with the planning authority a part of the local authority that local councillors oversee). The function of local authority planners is as advisors on all development planning matters, rather than being formal decision makers; elected representatives have the final say on all development plan and zoning matters, and are under no obligation to take the recommendations of experts into account. Moreover, councillors can use mechanisms such as Section 140 (of the Local Government Act 2001 – formerly Section 4 of the City and County Management (Amendment) Act, 1955) to override a specific planning decision. And, while local authority staff are legally bound not to engage in work that might imply a vested interest, there is no such monitoring for councillors. This is exemplified by examples of elected representatives ‘double jobbing’ as planning agents (or consultants).

The result was too few checks and balances to stop excessive zoning and permissions being granted, despite the fact that detailed demographic profiling would have indicated limited demand in many locations, and the absence in many cases of essential services such as water

and sewerage treatment plants, energy supply, public transport or roads. This is exemplified with respect to land zoning. In June 2008, the DEHLG recorded that there were 14,191 hectares of serviced land zoned nationwide for 462,709 potential new units (and an additional 30,000 hectares of unserviced zoned land), with many counties having enough land zoned to last many years. For example, Monaghan, which had a stock of 21,658 houses in 2006 had enough serviced land zoned for an additional 18,147 units, which would cater for a household increase of 83% and last over 50 years if households continued to grow at the 1996-2006 rate. The national average is 16.8 years.

At the national level, developers and vested interest organisations lobby and pressure Ministers with respect to regional and planning policy formation and key legislation (Allen, 2007). The property sector thus maintains close relationships with the major political parties, providing funding donations, the use of services and facilities, access to elite networks, employment/directorships after politics, and so on, in order to influence development plans, zoning and planning decisions, and planning policy. As the revelations of the Mahon Tribunal into planning corruption have suggested, this relationship has been characterised as one of mutual benefit, along with direct and indirect bribery and coercion of elected officials at all levels of government (see O'Toole 2009).

The vicious circle of politicians and developers was completed by the domestic banking sector, which got involved in a lending war driven by personal bonus schemes and inter-bank rivalry to generate record annual profits, flooding the market with development and mortgage capital that catered to speculator and buyer demand, but also actively encouraged it. Rather than using their own deposits to underpin loans, given favourable lending rates, banks borrowed money from other international banks and private equity funds to offer evermore easier forms of credit to home buyers and investors. Utilising the international financial markets for credit “greatly increased banks’ vulnerability to changing market sentiment” (Honohan 2010: 6). This reckless lending, often conducted without proper due process and exceeding stress test criteria, was exacerbated by financial deregulation and a regulatory system that failed to adequately police the banking sector (Ross 2009; Murphy and Devlin 2009). The involvement of international banks in the Irish property crash forms another critical component to understanding the relational geographies of the financial crisis. The flow of international capital into Irish institutions effectively provided the means by which the property boom could occur. While we are acutely aware of the importance of these

financial flows to the predicament that Ireland currently faces, and indeed the fate of the entire Eurozone, it is nevertheless both empirically and conceptually beyond the scope of the current paper to account for this in detail. Rather, we limit our analysis to the manifestations of these processes within Ireland.

The Honohan Report (2010) makes it clear that there were catastrophic regulatory and governance failures both in the financial sector itself (with respect to senior management decisions, bank auditors and accountants, and financial intermediaries such as mortgage brokers) and the Central Bank and Financial Services Authority of Ireland which overemphasised process rather than outcomes, downplayed quantification of risks, applied ‘light-touch’ and deferential regulation, and failed to implement any penalties for breaches of rules and regulations. Moreover, they created a false sense of security by producing reports that were overly optimistic and reassuring, regardless of the evidence base. This was compounded by similar reports from the IMF, OECD and other bodies such as rating agencies and vested interest groups. As the Honohan Report (2010) notes, Ireland’s banking performance was the second poorest after Iceland during the present global downturn, and was entirely homemade on the basis of the Irish construction boom, rather than exposure to sub-prime mortgages or aggressive overseas acquisitions.

The frenzy of house building were exacerbated by the dispersed deployment of strong discourses around home-ownership and buy-to-let or flip speculation, combined with a simultaneous retreat from social housing provision. Ireland has a relatively high rate of home ownership, with almost three quarters of private dwellings in the State being owner-occupied in 2006 and the housing boom was almost exclusively targeted at the home owners and investors, with: first time buyers feeling harried to get onto the property ladder at all costs (driven by arguments such as ‘being left behind’ and ‘rent is dead money’); existing home owners encouraged to take advantage of the equity in their homes to scale-up or purchase second or holiday homes or release equity to enable their children to get onto the housing ladder; and small investors encouraged to invest in buy-to-let purchases as a long term, secure investments that lacked the volatility of stocks and shares. The latter group were particularly important in keeping demand high and pushing up prices. By 2007, the Bank of Ireland Group were lending as much money to buy-to-let and flip speculators (28%) as to first time buyers, with the Irish Banking Federation noting that they typically paid c.€100,000 more on a property purchase (Brawn 2009).

Thus, Irish neoliberalism exhibits a particular form of path dependency, which is indicative of both a commonsense approach to neoliberalization and the avoidance of its contradictions. While the Irish state essentially bought into a free market ideology, the implementation of neoliberal policies and reforms in the property market were at the same time undermined by folding them into a system of entrenched localism, cronyism, and low-level corruption, both perpetuated and exacerbated by the interwoven short-term policy goals of the political system, and the unsustainable circulation of capital between banks, developers, and investors. Thus, a range of state interventions in the property market perpetuated the privileging of the property market in geographic areas where essentially there was no market, and supported the capitalist accumulation of a small range of interests (who had close political ties) to the ultimate detriment of more sustainable redistribution of Celtic Tiger wealth. As O'Hearn (1998: page xi) observed, "[t]he main benefactors of growth – foreign computer firms and Irish professionals – disposed of most of their fortunes in ways that were either fruitless (in the case of profits removed from Ireland) or downright harmful (property speculation that drove the costs of housing through the roof)".

The result of these various factors, underpinned by a neoliberal philosophy of free market development and market-led regulation, was a housing bubble. Whilst many of the factors we have discussed do not differ greatly from the role that property development and speculation plays in many nations undergoing neoliberalisation, the ways in which these factors were articulated in Ireland was also contingent upon its particularities. The sheer frenzy around home-ownership was clearly a latent outcome of a postcolonial anxiety around land. Rather than being a mere footnote illustrating the more recent (and thus important) histories explaining the property boom, the postcolonial context was in fact integral to how it was produced and sustained over time; without the widespread desire for home-ownership at any cost, the ever escalating market could not have been sustained for as long as it was. Similarly, the inherent localism and cronyism of Irish politics produced a series of affects that structured the property sector, its geographical manifestation, and the architecture of its downfall. Ireland provided a lubricated laboratory for neoliberal expansion, wherein resistance to these reforms were minimal, and their articulation exhibits a type of path amplification that mutates both Ireland and the 'neoliberal'. The variants of neoliberalism produced must be seen in light of these historic specificities, but cannot be reduced to that

which is predictable or foreseeable. Ireland's geography and the 'neoliberal' mutate together and amplify each other.

### **The Government's Solution to the Banking and Property Crisis: NAMA**

The government's response to the banking and property crisis in Ireland has been characteristic of the short-termist and reactionary *modus operandi* of Irish politics that then unfolds into a *de facto* longer term response (O'Toole 2009; Ross 2009). Rather than rethink the Irish economic model, the solution to the crisis has employed a deepening of neoliberalised policy designed on the one hand to protect as much as possible the interests of the developer and financial class, and on the other to implement widescale austerity measures and severe cutbacks in public services and to consider the privatization of state assets, all framed within a post-political discourse of 'there is no alternative'. While this is perhaps unsurprising given the prevalence of similarly hermetic responses elsewhere, and neoliberalism's ability to mutate to reinforce certain types of class power at the expense of others (Harvey 2007; see also Fox-Rogers et al 2011 for a review of how changes in Irish planning law reinforces class bias), in particularly utilising and mobilising crisis as a way of solidifying these arrangements (Klein, 2008; Zizek, 2010), it is worthwhile to elaborate empirically on how such processes were operationalised and rationalised in the Irish context with respect to property.

The government's initial reaction to the faltering economy was to insist that the banks were well capitalised and that the housing market would slow to 'soft landing'. However, as the crisis deepened and liquidity started to dry up on the international money markets, it became clear that there were significant problems of capitalisation in the Irish banking sector. Banks neither had the funds to lend to investors and businesses, nor to pay back loans to international banks. Irish bank share prices collapsed (between May 2007 and November 2008 Irish shares fell in value from €55b to €4b) resulting in the introduction of a state backed bank guarantee scheme to prevent a run on the banks, wherein the state underwrote €440b of deposits and other assets (Murphy and Devlin 2009). Property buyers and investors, already cautious because of the slow down in the housing market, found it increasingly difficult to source credit, thus developers found themselves left with liquidity problems that prevented them from finishing out developments. If evidence was needed of the failure of the neoliberal model not only to provide equitable redistribution, but also to support those interests most central to its functioning, this case offered a clear example. In

order to introduce liquidity into the Irish banking system the state took a two-pronged approach: (1) direct recapitalisation or nationalisation, wherein the state took a stake in the banks for preferential shares or took direct ownership, using the national pension reserve and finance procured on the international markets; (2) relieving the banks of their toxic assets by purchasing all property loans of €5m or more issued before December 1<sup>st</sup> 2008 and placing them in a new state agency to manage on behalf of the taxpayer. Somewhat controversially, all Irish banks were to participate in the strategy adopted, meaning that the two institutions with the smallest depositor base and largest portfolio of toxic debt (Anglo Irish Bank and Irish Nationwide) were protected from being wound down.

The new property agency to manage the second scheme is the National Assets Management Agency (NAMA), part of the National Treasury Management Agency (NTMA). Plans for NAMA were announced in the Minister for Finance's Supplementary Budget on 7th April 2009, with the National Asset Management Agency Bill (2009) published September 10<sup>th</sup> of that year. The Bill enables NAMA to acquire bank assets relating to land and development loans and associated loans, and to manage those assets for the benefit of the taxpayer. The first loans were transferred from the banks to NAMA in March 29<sup>th</sup> 2010 (NAMA 2010a).

The NAMA Draft Business Plan (2009) details that in total, €88bn worth of assets with a loan book of €77bn and €9bn in rolled up interest, are being transferred to NAMA from five Irish banks (AIB - €24.1bn, Bank of Ireland - €15.5bn, EBS - €0.8bn, Irish Nationwide - €8.3bn, and Anglo Irish Bank - €28.4bn): €27.8bn (36%) relates to 'land', €21.8bn (28%) relates to 'development loans', €27.7bn (36%) relates to 'associated loans'. In return for the impaired assets, the agency issues the five banks with government-backed bonds, which the banks could use to borrow from the European Central Bank, and thus, in theory at least, inject liquidity into the Irish banking system. Rather than paying present market value of the underlying assets, NAMA paid 15% more to represent long term economic value. Based on the first payments to banks, the state is paying on average 50% of the loan value for the asset (NAMA 2010b), though the developer will continue to repay the full value of the loan. NAMA estimates that 40% of the loans will be cashflow generating and that 80% of loans will be repaid by borrowers, with 20% defaulting. NAMA has up to €5bn to selectively spend on completing projects.

At present, there is very little detail available with respect to the 22,000 loans that have been transferred into NAMA and the properties they relate to, nor the specific geography beyond national territories (see Table 1). As a consequence, it is difficult to determine the present status of assets and their future potential worth.

**Table 1: Geographical breakdown of NAMA portfolio**

	L&D loans	Associated loans	Total	% of total
Ireland	33.13	18.35	51.48	66.80%
Northern Ireland	3.29	1.51	4.8	6.20%
Great Britain	10.34	5.59	15.93	20.70%
USA	1.39	0.66	2.05	2.70%
Germany	0.05	1.01	1.06	1.40%
Portugal	0.46	0.14	0.6	0.70%
France	0.39	0.13	0.52	0.70%
Czech Republic	0.11	0.07	0.18	0.20%
Italy	0.04	0.09	0.13	0.20%
Spain	0.05	0.07	0.12	0.20%
Other	0.13	0.11	0.24	0.30%
TOTAL (€ billions)	49.38	27.73	77.11	100.00%

Source: NAMA (2009)

Since its announcement, the NAMA project has been roundly criticized by politicians and economists (see for example, Gurdgiev 2010, Lyons 2010, Lucey 2010, McWilliams 2010, Whelan 2010b). There is a broad concern as to whether NAMA has been the right vehicle to deal with the property crisis and whether it can succeed given the make-up of the portfolio (particularly given the geography of assets and the amount of land and redundant property such as ‘zombie hotels’), the extent of the property crash, the sums being paid by the state to the banks for their ‘assets’, the validity of ascribed long-term economic values and rent yields, and the veracity of valuations and underlying economic models and calculations. Others question the fact that NAMA has paid a notional long term economic value rate rather than present market prices, thus second guessing the market and inflating the transfer to the

banks at the state's risk; and that to recover the state investment the property market will need to be re-inflated, which will mean the re-inflation of the surrounding apparatus of interests in banking, property, planning, and government. Moreover, if land is purchased by the state on the basis of existing zoning then any future dezoning by local authorities will deflate its value and lead to a loss on the investment.

For those on the Right, NAMA represents state interference in the logic of the free market, disrupting its 'natural' recovery by artificially controlling large elements of the property market and protecting failed developers and speculators in the short term who otherwise would have gone bust, thus blocking the growth of more resilient players or new start-ups. For those on the Left it protects those who created the crisis but it does nothing to protect home owners and tenants struggling to pay mortgages and rent and who are also underwriting NAMA's costs. Moreover, it is employing as experts (bankers, estate agents, property consultants, planners, lawyers) the very same people who acted irresponsibly to create the bubble, some of whom are overseeing transfers from their former employers. These experts are being handsomely rewarded for their services, with fees expected to run to €2.46bn over the projected ten year life course of the agency (NAMA 2009). Further, NAMA is exempt from freedom of information requests and despite managing a vast amount of state managed assets it is particularly opaque in its operation.

Interestingly, very few of the critiques of NAMA question the underlying neoliberal ideology that underpins the creation and operation of the agency and the whole Irish economic model. Indeed, there seems to be widespread acceptance that the core logics and principles underpinning Ireland's economy during the Celtic Tiger period were fundamentally sound, and that the crisis and crash were simply the result of misfortune with respect to the timing of the global financial crisis, poor management and regulation, and cronyism and greed (in other words, how it was (mis)applied). In general then, criticisms do not extend to the Irish economic model, with its narrow tax base of low corporate and income tax, high indirect taxes, and lack of property taxes, and its laissez fair approach to planning and regulation. As Marcuse (2009) has noted, "today's-more-than-financial-crisis" is being rationalised away as an anomaly within the system of neoliberal capitalism, a cog to be corrected rather than indicative of more systemic failures.



In Ireland, as with other countries, the solutions to the crisis are a selection of alternative tactics wherein the overall strategy is a new round of neoliberalisation. In other words, rather than seeking radical (or even moderate) change with respect to the economic, political and planning systems, a fresh dose of neoliberalisation is seen as the solution to the failings of previous rounds of neoliberalism. The apparatus that created the conditions for crisis are not only left in place, their positions are strengthened through affirmation. Harvey (2007) argues that the neoliberal project was designed as a means to restore class power to an elite by strategically aligning state resources and supports to this strata of society. The Irish state's response to the crisis supports this argument. It is indicative of free market fundamentalism "losing both its claim to legitimacy and its claims on democracy" (Giroux and Searls Giroux, 2009, page 1), having to abandon the assumption that markets can operate in the absence of state interventions. In Ireland, we are now witnessing the rolling out of public money and resources to rescue poorly performing private institutions and restore a faulty system from ruin, an example of what we term "accumulation by repossession". In a period of 'roll with it' neoliberalism (Keil, 2009), the investment in these types of responses has reached a point where it is less politically contentious to continue to invest in these ideologically contradictory responses of state regulated free-markets than to either follow through on the promise of the free-market or to implement more socially responsible models.

## **Conclusion**

This paper has sought to bring the Irish economic 'miracle' which prevailed between 1993 and 2007 and its spectacular collapse since 2008, into dialogue with recent literature on neoliberalism, its actually existing forms, and its path trajectories in specific and concrete milieu. Given its pivotal status in global debate on fast track growth in small open economies and on the causes and consequences of collapse and crises, we note a surprising absence in academic literature of sustained conversation between the Irish case and theoretical ruminations over neoliberalism and its political pretensions today. This paper stands as a contribution towards the filling of this lacuna. Our discussion has focussed upon the causes of the massive property orgy that Ireland indulged in at the height of its prowess as a Celtic Tiger, the disastrous social and spatial costs and consequences that this glut has left in its wake, and the (re)commitment to neoliberal policies which proposed solutions to Ireland's property crises betray.

At one level, the follies, excess, gluttony, greed, defaults, bankruptcies, repossessions, and bail outs, which have marked Irish life in the past two decades reflect simply the cultural flotsam and jetsam of a classic crises of over-accumulation. Inherent in the capitalist system is a tendency towards over-accumulation, signposted by a series of desperate displacement strategies which include the switching of capital from primary circuits to secondary circuits and in particular into land and property. Overheated housing markets are emblematic of the endemic and innate drift of capitalism into spatially and temporally specific crises which are then exacerbated by capitalism's will to find what turn out to be fallacious solutions. Ireland's particular and dramatic encounter with the creative and destructive powers of unregulated and insufficiently regulated market processes is but the latest chapter in the now well populated and inglorious history of capitalism and property bubbles more widely. Ireland's crises are simply capitalism's crises rendered visible and naked.

But Ireland's story was home grown too. Both fiscal and planning policy formation, implementation and regulation were overtly shaped by the neoliberal policies adopted by the state, particularly in the period from 1997 onwards. During this time, the government pursued a neoliberal agenda of promoting the free market, minimising regulation, privatising public goods, and keeping direct taxes low and indirect taxes high. The state thus loosened regulation of the financial sector, introduced tax incentive schemes, changed the parameters of stamp duty, lowered capital gains tax, allowed developers to forego their affordable and social housing obligations, promoted a laissez faire planning system, failed to address the vestiges of clientelism and allowed elected representatives to abandon basic planning principles, and encouraged local authorities to produce ambitious, localised growth plans framed within a zero-sum game of potentially being left behind with respect to development. In short, it allowed the property sector to be driven by developers, speculators and banks, rewarding them with tax incentives, less tax obligations, and market-led regulation; it enabled buyers to over-extend their indebtedness; and it provided too few barriers to development by failing to adequately oversee, regulate and direct local planning. Whilst the global financial crisis might have been a contributing factor, the Irish housing market was already running out of control, with supply outstripping potential demand in all parts of the country, and house and land prices skyrocketing to amongst the most expensive in the world. And banks had massively over-extended themselves lending to developers. The crash was inevitable. The severity of the crash was significantly exacerbated by the state's neoliberal

agenda and lack of oversight, foresight and poor policy formation with respect to both the planning system and banking sectors.

In mobilising the idea of actually existing neoliberalism we have made a case for widening the laboratories within which the grounding of neoliberalism is scrutinised. We have argued that the vital context which has mediated Ireland's specific encounter with neoliberal doctrines has been Irish attachments to land and property, Ireland's coloration by clientalistic and patronage politics, the dominance of right of centre political parties that prioritize localism, and the desire for a FDI dominated, open economy that collectively helped broker the rise and fall of Ireland's Celtic Tiger economy, and have given the property bubble and its implosion a unique Irish fingerprint. We have characterised Irish neoliberalism then as a common sense, partial, happenstance and emergent piling up of market oriented policy orientations, strategies, and instruments, framed within its localist, clientelist political culture and system that operates across modes and scales of governance.

In framing Ireland's encounter with neoliberalism in terms of the country's emergence from a troublesome colonial past we are not of course suggesting that Ireland is particularly exceptional. It may be that Ireland's puzzling conservative revolution, its brand of clientalistic and patronage politics, its culture of reverence towards and deferral to property rights, and its rejection of import substitution and embrace of open markets, resonates with other states emerging from a colonial experience. To the extent that the social, cultural, economic, and political milieu in which neoliberalism took root in Ireland might be more typical than unique, arguably the theoretical innovations piloted in this paper assume wider significance. Whilst to date much work on actually existing neoliberalism has focussed upon the creative destruction of institutions of urban governance in the western city, the Irish case may well serve to invigorate a fresh focus upon neoliberalism's journeys in states who still carry the imprint of their colonial past and where colonial and postcolonial histories provides the essential context in which the structuration of the neoliberal experiment takes place. The Irish case can be located against the backdrop of neoliberalism's early experimentation in Structural Adjustment Programmes, but it clearly surpasses, extends, and suggests new directions, for scholarship with this parentage.

In concluding we ruminate on the wider significance of the Irish case for critical human geographies of actually existing neoliberalism in the context of the global economic crises.

To this end we offer three concepts which emerge from the Irish story but which may have wider resonance and might constitute a useful fleshing out of theoretical framings of concrete and particular neoliberalisms; *path amplification*, *neoliberalism's topologies and topographies* and *accumulation by repossession*.

Firstly, the concept of path trajectories and path dependencies have become important denotations of the place specific character of local and particular neoliberalisms and their development. Because emphases to date has tended to be focussed upon neoliberalism's working on antecedent city-based Fordist Keynesian institutions and infrastructures the concept of creative destruction has tended to be foregrounded, both cerebrally and viscerally. The idea of creative destruction itself implies that to move forward neoliberalism has to destroy prior spatial and ideological fixes. The idea of neoliberalism's path trajectories and path dependencies has become preoccupied with ideas of friction and inertia; obstacles have to be overcome. Given Ireland's unique social, cultural, economic, and political history arguably neoliberalism encountered a more conducive incubator. Perhaps for this reason it did not have to become an overtly political and ideological project as such and was paraded as little more than commonsense. To counter assumptions of friction, inertia, and stases which can unwittingly pervade concepts such as path dependency and path trajectory we offer the idea of *path amplification*. In some spaces and places neoliberalism finds itself in harmony with, rather than in opposition to, prior institutional histories and can germinate exponentially and benefit from local amplification.

Secondly, whilst much work to date has focused upon geographies of neoliberalism it is equally the case that neoliberalism produces its own geographies. We refer to this as *neoliberalisms topographies and topologies*. All too often the full significance of these geographies and their importance in conditioning the subsequent path trajectories of neoliberalism are insufficiently understood; where they are ill defined and under specified notions of uneven development are mobilised. The importance of debates over ghost estates and zombie hotels to the future trajectory of neoliberalism in Ireland merits attention. Alongside Dubai and Japan, Ireland might become the most appropriate laboratory within which to study the impact of such haunted landscapes of despair on the future of neoliberal thinking and its possible mutations. The growth in the Irish housing market, both in terms of revenue and land-use, and subsequent crash and legacy of oversupply, has had an era-defining impact on Irish society and space. It has affected all aspects of social and economic

life in urban and rural communities leaving in its wake a topology of vacancy, unfinished estates, and empty offices and retail parks and a topography of broken lives, shattered dreams, terminal indebtedness, and for some chronic stress, anxiety, depression, and even suicide. Neoliberalism's spatial imprint needs to be considered as central to its structuration, both before and during the present crises.

Finally, worryingly, the present government's solution to the crisis has been another round of short-termist neoliberalism in the form of the public collectivization of private debt through detoxification, recapitalisation, and nationalisation of the banks and the protection of the interests of developers and speculators at the potential expense of the taxpayer. We are entering it seems a period in which capitalism is folding in on itself, where perhaps one would expect it to implode, instead it regenerates and thrives on its own contradictions; 'the more it breaks down, the more it schizophrenizes, the better it works' (Deleuze and Guattari, 1977, 166). We are seemingly entering a period of paranoid, schizoid, and cynical neoliberal capitalism, wherein any utopian dream of efficiency through markets, democracy through accumulation, has been lost within the scrapheap of the international crisis. Ireland has been buried under this detritus more than most. According to Harvey, the recent history of neoliberalism can be read as a decisive development in class war over the division of the national product. Through what Harvey calls accumulation by dispossession, capital has reversed the gains to labour which were ushered in with the Fordist Keynesian state and restored inequalities in wealth to Victorian levels. In Ireland's case capital is being saved from its later folly not only by the privatisation of social assets but also by the socialisation of private loss. Productive state assets are to be deployed to save and in some cases further (perhaps more than we currently know about) enrich capital, whilst capital's losses are to become the public's losses. We suggest the concept of *accumulation by repossession* to capture this latest development and offer it as an accompaniment to Harvey's concept of accumulation by dispossession.

In the present-post political climate of manufactured amnesia it is useful to remind ourselves that a different future remains possible, despite the fact that Ireland's neoliberal state seems presently incapable of envisioning and embracing another future. Indeed, it is somewhat ironic that in many ways the Irish state has never been better placed to choose a different future given the state ownership of huge tracts of land and property, along with the country's primary banking institutions. The era of neoliberalism, however, has also seismically

shifted the context of the state into which such reforms/reclamations would need to be implemented. Gleeson (2010), in his book *Lifeboat Cities*, likens the past thirty years of welfare retrenchment and the rise to prominence of neoliberal rule as akin to being ‘handcuffed to a madman’. During this period Gleeson suggests, we have witnessed a period of reconstitution in which socio-spatial relations have degenerated such that they are no longer fit for purpose for human flourishing. For Gleeson, the global economic downturn has raised the stakes and created new opportunities. No longer must the call to resist or contest neoliberalism rest on an agenda of moderate reform. The scale of the task is now so great, and the sense of urgency so crushing that much more ambition thinking is required. Perhaps the core of the problems lies in what Žižek (2002, page 152) considers as the difference between the capacity of states and individuals *to React* and *to Act*: “An act always involves a radical risk ... it is a step into the open, with no guarantee of the final outcome ... [b]ecause an Act retroactively changes the very co-ordinates into which it intervenes”. Thus far, the Irish response to the crisis – like that of many other nations – has been to React rather than to Act, thus exhibiting a fundamental conservatism that seeks to recover rather than reform. To certain extent this is now inevitable given the complex interweaving of political and economic geographies, the new post-crisis relational geo-political configurations both within and external to the Eurozone, and the embrace of the IMF/ECB bailout, that enable and constrain the ground on which national institutions can react to and act upon the crisis. But perhaps, only in taking that step into the unknown can Ireland begin the search for the opportunity inherent within crisis.

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